



Missouri
Department of
Natural Resources

**STATE OIL AND GAS COUNCIL
OCTOBER 19, 2011
MISSOURI DEPARTMENT OF NATURAL RESOURCES
LEWIS AND CLARK STATE OFFICE BUILDING
GASCONADE CAMP CONFERENCE ROOM
1101 RIVERSIDE DRIVE
JEFFERSON CITY, MO**

OPEN SESSION

MEMBERS PRESENT: Mr. John Madras-Clean Water Commission; Dr. Shari Dunn-Norman, Missouri University of Science and Technology; Mr. William Luebbert-Public Member; Mr. Joe Gillman-Division of Geology and Land Survey; Mr. Donald Ransom-Missouri Department of Economic Development; Mr. Kevin Gunn-Missouri Public Service Commission

MEMBERS ABSENT: None

LEGAL COUNSEL: Mr. Don Willoh-Assistant Attorney General

STAFF PRESENT: Mr. Scott Kaden-Economic Geology Unit Chief; Mr. Kyle Rollins-Economic Geology Unit Geologist; Ms. Jane Williams-Geological Survey Program Executive and State Oil and Gas Council Secretary; Ms. Hylan Beydler-DGLS Information Officer; Van Beydler – DEQ Information Officer

GUESTS PRESENT: Mr. Nick Powell-Colt Energy; Mr. David Bleakley-Colt Energy; Mr. Jim Stegeman-Colt Energy; Mr. Larry Hulbert-L.T. Oil Company; Mr. Terry Hardee-L.T. Oil Company; Mr. Phil Frick-D.E. Exploration; Mr. Lester Town-Town Oil Company; Mr. Kenton Hupp-I.G.W.T.; Mr. Greg Bratton-Running Foxes Petroleum; Mr. Stephen Hankins-Citizen; Mr. Rich Germinder-Senator Brad Lager's Office; Mr. Jewell Patek-MIOGA

With a quorum being present, the open session was brought to order by Mr. Madras at 1:35 p.m. Mr. Madras announced the meeting was being videoed and will be available to view on the department's website. Mr. Madras introduced all council members.

MINUTES OF THE JULY 12, 2011 MEETING

Dr. Dunn-Norman made a motion to accept the minutes of the meeting held on July 12, 2011 as circulated. Mr. Gunn seconded the motion. Motion carried.

OIL AND GAS COUNCIL REGULATION AMENDMENT UPDATE

Mr. Kaden gave an update to the council on the status of the oil and gas council regulation amendments. There is a division internal draft completed. Staff will soon begin the stakeholder meeting process. A draft copy of the amendments will be sent to council members and to industry for comment prior to scheduling the stakeholder meetings. After stakeholder meetings and comment period, staff will incorporate comments into the regulation amendments and will bring them before the council to approve. When approved, the amendments will proceed through the rest of the rulemaking process.

UPDATE ON LEMCO OPERATING COMPANY PLUGGING PROJECT

Mr. Kaden gave an update to the council on the Lemco Operating Company plugging project. Staff has been on site to plug one of the gas wells but had problems with the well construction. The construction was different than what had been reported on the well completion form. Staff will have to purchase some other supplies and will proceed with the plugging project at that time.

RUNNING FOXES PETROLEUM SPECIAL PROJECT STATUS REQUEST FOR THE EMMERSON, STONER, MASHEK, MEEK, AND KEITH/SHEEHY LEASES

Mr. Greg Bratton with Running Foxes Petroleum petitioned the council for a special project status for several leases in Vernon County. They are requesting to place wells in five acre spacing with injectors in two and one-half acre spacing within that five acre spacing. They are requesting non-restricted footages, not to the lease line, but within the leases. Mr. Kaden gave the council an explanation of the request Running Foxes is making and staff recommendation for this request. Mr. Gillman moved the council grant special project status as requested by Running Foxes Petroleum for their Emmerson, Stoner, Mashek, Meek and Keith/Sheehy leases. Mr. Ransom seconded the motion. Roll call vote: Mr. Ransom, yes; Mr. Luebbert, yes; Mr. Gillman, yes; Mr. Madras, yes; Dr. Dunn-Norman, yes; Mr. Gunn, yes. Motion carried.

IGWT APPEAL OF LOCATION EXEMPTION REQUEST DENIAL FOR MULTIPLE SITES IN RAY COUNTY

Mr. Kenton Hupp with IGWT petitioned the council for a location exemption for multiple sites in Ray County. IGWT is requesting to drill five exploratory wells to a depth greater than 1200 feet located in Ray County Missouri. Mr. Kaden explained to the council that IGWT had submitted a request for a location exemption for oil wells to the state geologist. It was determined by the division that sufficient room was available to move the location of the wells and still be within the established set-back distances. Therefore, the request was denied by the division. After further explanation, Mr. Luebbert moved the council grant IGWT's request. After further discussion, Dr. Dunn Norman amended the original motion made by Mr. Luebbert and moved the council approve all five location exceptions requested from Mr. Hupp with IGWT. Mr. Luebbert accepted the amendment and Mr. Ransom seconded the motion. Roll call vote: Mr. Ransom, yes; Mr. Luebbert, yes; Mr. Gillman, yes; Mr. Madras, yes; Dr. Dunn-Norman, yes; Mr. Gunn, yes. Motion carried.

COLT ENERGY APPEAL OF LOCATION EXEMPTION REQUEST DENIAL FOR THE NORTH RHODEN AND SOUTH RHODEN LEASES

Mr. David Bleakley with Colt Energy petitioned the council for a location exemption request for wells to be drilled in the North and South Rhoden leases. Colt is requesting to drill two injection wells on the North Rhoden Lease and one injection well on the South Rhoden Lease. These wells would not meet the 165 foot from lease line set-back requirement. After discussion and explanation, Dr. Dunn-Norman moved the council approve the location exemptions for the North and South Rhoden leases. Mr. Ransom seconded the motion. Roll call vote: Mr. Ransom, yes; Mr. Luebbert, yes; Mr. Gillman, yes; Mr. Madras, yes; Dr. Dunn-Norman, yes; Mr. Gunn, yes. Motion carried.

Mr. Bleakley informed the council the Missouri Independent Oil and Gas Association has been established.

SCHEDULING AND LOCATION OF NEXT QUARTERLY MEETING IN JANUARY, 2012

The council discussed and agreed the next meeting should be January 17, 2011 at 1:30 p.m. in Jefferson City, MO at the Lewis and Clark State Office Building.

OTHER BUSINESS

Mr. Madras announced this meeting would be Scott Kaden's last with the State Oil and Gas Council. He has accepted a job with another division within the Department of Natural Resources.

Mr. Bratton asked a question about the process for location exemptions. He also wanted to suggest the permits be valid for a year instead of the current six months. It would limit the number of 6 month extensions requested. Mr. Gillman encouraged Mr. Bratton to participate in our rulemaking process and gave a brief explanation about the stakeholder meetings and how the industry could participate in this process.

Mr. Bleakley discussed an issue about oil and gas found in a water well. Mr. Bleakley just wanted to express his concern regarding the completion methods for water wells and ground source heat pump wells in areas where steam flooding and oil well drilling is occurring.

Dr. Dunn Norman asked if people would be interested in attending a tertiary oil recovery project seminar in Missouri similar to ones that have been held in Kansas, and to let her know if you have any ideas of other things that could be discussed, such as hydro fracturing, etc.

ROLL CALL VOTE FOR NEXT CLOSED SESSION

Mr. Gunn moved that the State Oil and Gas Council meet in closed session before the next regular council meeting for the purpose of discussing matters protected from disclosure by law as

provided for in Section 610.021, RSMo., including but not limited to: legal actions, pending litigation, and attorney-client privileged matters with the council attorney. Mr. Ransom seconded the motion. Motion carried.

ADJOURNMENT OF MEETING

As no other business was brought before the council, Mr. Gunn moved to adjourn the meeting. Mr. Ransom seconded the motion. Motion carried. Open meeting was adjourned at 3:29 p.m.